



October 19, 2006

The U. S. Securities and Exchange Commission
450 Fifth Street, N. W.
Room 3117
Office of International Corporate Finance
Mail Stop 3-9
Washington, D.C. 20549
U. S. A.

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

Rule 12g3-2(b) Exemption

of Kobe Steel, Ltd.,

File number: 82-3371

SUPPL

Dear Madam/Sir:

In connection with Kobe Steel Ltd.'s exemption pursuant to Rule 12g3-2(b) from the registration and reporting requirements of the Securities Exchange Act of 1934; and in compliance with its ongoing requirements under Rule 12g3-2(b)(iii), please find enclosed a copy of the Company's release today covering

"ISSUANCE OF DOMESTIC UNSECURED YEN BONDS"

Thank you for your assistance in handling it as required.

Sincerely yours,

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FINANCIAL

櫻井 宏之

Hiroyuki Sakurai
Finance Department
Kobe Steel, Ltd.

2006/10/30

19 October 2006
Yasuo Inubushi
President, Chief Executive Officer &
Representative Director
Kobe Steel, Ltd.
(Tokyo Stock Exchange Code No. 5406)

Contact: Publicity Group
Kobe Steel, Ltd.

Tel: Tokyo 03-5739-6010
Kobe 078-261-4040

ISSUANCE OF DOMESTIC UNSECURED YEN BONDS

Kobe Steel, Ltd. hereby gives notice that it has decided to issue Domestic Unsecured Yen Bonds under the terms as set forth below:

Domestic Unsecured Yen Bonds due 30 October, 2013

- | | | |
|-----|------------------------|---|
| 1. | Name: | Kobe Steel, Ltd.
Series 43 Unsecured Bonds
(Limited Inter-Bond Pari Passu Clause) |
| 2. | Total Amount of Issue: | 10 Billion Yen |
| 3. | Denomination of Bond: | 100,000,000 Yen each |
| 4. | Interest Rate: | 1.91% per annum of the principal of the Bonds |
| 5. | Issue Price: | 100% of the principal amount of the Bonds |
| 6. | Redemption Price: | 100% of the principal amount of the Bonds |
| 7. | Maturity Date: | To be redeemed in a lump sum on 30 October 2013 |
| 8. | Offering Period: | 19 October 2006 |
| 9. | Closing Date: | 30 October 2006 |
| 10. | Method of Issue: | Public offering in the domestic market |
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- | | | |
|-----|--|---|
| 11. | Date of Payment of
Interest on the Bonds: | Semiannually on 30 April and 30 October |
| 12. | Status of the Bonds: | Unsecured by assets or guarantees |
| 13. | Fiscal Agent: | Mizuho Corporate Bank, Ltd. |
| 14. | Underwriters: | Mitsubishi UFJ Securities Co., Ltd. |
- Use of Proceeds: To be applied toward redemption of bonds